The Independent Rep As A Source Of Competitive Advantage: An Actionable Scale For Rep Selection

Kathleen H. Gruben, (Email: kgruben@gasou.edu), Georgia Southern University
Barbara J. Coe, (Email: coeb@cobaf.coba.unt.edu), University of North Texas

Abstract

This study develops a scale that offers an actionable approach for suppliers' use in selecting their reps. Rep selection is the critical first step suppliers take in developing profitable, long-term relationships with retailers. Retailers' loyalties are often bestowed on the rep, rather than the supplier. As identified in the study, the rep needs to be professional, accommodating, ethical, sensitive, and compassionate to satisfy the retailer. The scale provides suppliers a technique for measuring these characteristics. Prior to this scale, no instrument was available to measure these characteristics, which increase the retailer's likelihood of developing loyalty.

1. Introduction

The roles of company salespeople and independent sales representatives (rep) and the nature of the tasks they perform have changed over the years (Weitz & Bradford, 1999; Wotruba, 1991). These changes have altered the relationships each has with his/her customers (Han, Wilson, & Dant, 1993), especially in the area of enhancing and building strong customer loyalty (Cravens, 1995). The interpretation of the nature and focus of customer loyalty has also changed. In increasingly competitive business-to-business settings, the customer's loyalty is now more a function of the relationship with the salesperson or the rep than with the companies they represent (Anderson & Robertson, 1995). This is particularly true when independent sales reps, rather than company salespeople, are used. In these situations, reps are the primary contact customers have with their suppliers; consequently, reps influence the perceptions and opinions the customers have of the suppliers. For suppliers who utilize independent sales reps, the ability to identify and select reps who will communicate strong, positive images for the company is imperative. To increase the likelihood of successfully identifying and contracting with the right independent reps, suppliers need a method by which they can evaluate the suitability of reps for meeting their needs as well as those of their customers. The purpose of the research reported herein is to provide such a method, in the form of a scale, for use by suppliers.

Several aspects of the characteristics and roles of reps remain to be researched. Some of the aspects were identified at the 1999 AMA Professional Selling and Sales Management Faculty Consortium (Marshall & Michaels, 2001). Three of the aspects identified for investigation were:

- What are the competencies and skills salespeople and reps need to implement the transactional-, consultative-, relationship-selling paradigm;
- What is the role of manufacturers' representatives in indirect channels of distribution;
- How do sales reps create value?

The primary purpose of the research reported herein was to address these three issues and develop an actionable scale for evaluating the suitability of reps in meeting supplier needs. Specifically, the objectives of the research were: (1) to develop a scale to measure the perceived characteristics of reps important in the development of brand loyal-type

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relationships with retailers; (2) to determine the dimensionality of the scale; and (3) to assess the reliability and validity of the scale.

2. Literature Review

A comprehensive set of literature relating to buyer-seller relationships in industrial settings exists. Over the past decade, several researchers have focused on the general concept of relationship building (Cannon & Perreault Jr., 1999; Han et al., 1993; Weitz & Bradford, 1999). Others have focused on specific dimensions of relationship building including satisfaction (Andaleeb, 1996), trust (Doney & Cannon, 1997; Ganesan, 1994; Lagace, 1991; Morgan & Hunt, 1994; Plank, Reid, & Pullins, 1999; Strutton, Pelton, & Tanner, 1996; Swan & Nolan, 1985), and commitment (Andaleeb, 1996; Anderson & Weitz, 1992; Morgan & Hunt, 1994). The majority of the supplier-buyer studies focus on industrial settings in which employees comprise the sales force (Anderson, 1995; Ballantyne, 1994a, 1994b; Heide & Stump, 1995; Wilson, 1995). Few studies have focused on the buyer-seller relationships relative to suppliers and retailers. This situation is unique and warrants investigation because suppliers in the industry extensively use independent reps by suppliers seeking to reach medium and small retailers distributed across vast geographic areas. These suppliers need a method for evaluating the reps who will be their agents in this relationship.

Several researchers have documented the rationale for using independent sales reps. Suppliers who provide merchandise to retailers often contract with reps because of their extensive contacts and cohesive relationships with multiple retailers (Novick, 1982, 1988, 1989). Independent reps provide an avenue for suppliers to reach a vast array of retailers that carry complimentary products (Novick, 1982, 1988, 1989, 1992, 1995; Sibley & Teas, 1979; Washburn, 1983). Consequently, reps with appropriate competencies and skills can facilitate the networking communications objectives of suppliers as prescribed in Johnston & Lewin's (1996) organizational buying model. Networking is a key factor in developing relational interactions as opposed to transactional interactions, which lead to long-term relationships that can be highly beneficial to both the supplier and the retailer. However, the successful development of such a relationship requires more than just networking. The rep must create value for the supplier and retailer through his/her individual professional competencies and skills.

This value creation stems from the nature of the rep's activities in the channel on behalf of the supplier and the retailer. Independent reps are agents who link suppliers and retailers in the channel of distribution. They serve as the sales force for multiple companies in a specified geographic territory. Suppliers frequently contract with principles (i.e., owners and/or managers) of rep groups. These groups typically operate from showrooms established in a permanent market center such as the America's Mart in Atlanta, the Dallas Market Center, New York's 225 Fifth Avenue, or the Commerce and Design Center in High Point, NC. The rep groups operate in a manner similar to Real Estate Agencies or Sports Agencies whereby multiple reps who work under one umbrella comprise each group. They provide a certain level of service consistency throughout a large geographic region, usually multiple states. The large area is subdivided into smaller territories that are assigned to individual reps. The reps have exclusive sales rights for the suppliers they represent within their given territory. These agents sell complimentary products thereby offering the retailers a broad merchandise selection (Gruben, 1998).

Reps are the primary contact retailers have with their suppliers, and they contribute to the creation of the image retailers have of the suppliers (Anderson & Robertson, 1995). The loyalty of the retailer often lies with the rep rather than the supplier because of the personal nature of the relationship between the rep and the retailer. Connelly (2001) illustrates the loyalty relationship through a description of a situation in which a rep, who had worked a specified geographic territory for Group A for nine years, left his position for a position with Group B. Prior to the transition, the highest trade show sales volume accomplished by Group B for the specific territory was slightly more than $24,000. Group B's sales volume was $87,000 during the first trade show after the rep changed positions. The territory's active account base was augmented 50 percent during the same show. The impact of loyalty to the rep became more evident when year-end sales were examined, territory sales escalated from $200,000 to more than $600,000 during the rep's first year at Group B. Sales in the territory increased exponentially during the following five years, trade show sales exceeded $250,000 for the territory and annual sales were well in excess of $1 million. Based, in part, on the apparent loyalty to the rep, the sales volume in the territory went from being the lowest of 14 in the group to the highest. The rep in the example was the first million-dollar producer for Group B.

Reps, such as the one described by Connelly (2001), create value by becoming a brand that offers four possible opportunities for suppliers who use them. Rather than investing capital resources in hiring, training, and maintaining a company sales force, reps allow suppliers to: 1) expand and grow through expansion strategies similar to new product development; 2) engage in flanker brand development; 3) pursue franchise extension; or 4) select line extension (Tauber, 1981). The nature of the execution of each of the opportunities involves different uses of the rep. A new rep in a new territory is comparable to a *new product*. Adding a rep for a different division in an established territory, such as adding a major account rep to service only large and/or department stores in a territory that already has a rep to service small accounts is similar to *flanker branding*. *Line extension* is adding new product lines to the merchandise the rep sells for the company. Finally, *franchise extension* is similar to using an established rep in a new territory. The major difference between reps creating value and becoming a brand and traditional product branding is that the loyalty is established with the rep rather than products he/she sells (Anderson & Robertson, 1995; Weitz & Bradford, 1999). The rep is, many times, the key asset for developing a competitive advantage for the supplier (Anderson & Robertson, 1995). The use of a suitable rep can be very cost effective for the supplier since he/she is contract labor and works exclusively on a commission basis and receives no additional benefits or compensation, such as health insurance or retirement income.

Although each of these opportunities potentially enhances suppliers' assets, each also represents a level of risk and uncertainty. If the supplier has no way of identifying and measuring the characteristics of the rep that are important to retailers, the likelihood of seizing and benefiting from the opportunities is unknown. The perceived characteristics of a rep in creating value are likely to be a critical determinant of a retailer developing long-term loyalty to the rep and/or the supplier in all of the opportunity situations. The scale developed and presented in the current study is designed to help identify characteristics of reps from whom retailers buy as contrasted with the characteristics of reps from whom retailers do not buy. Suppliers can also use the scale when evaluating which reps can best represent their firms.

3. Method

3.1. Scale Development

The scale for the study was developed using Churchill's (1979) seven-step scale development procedure. The domain was specified through a search of the relationship marketing and organizational buying literature. Scale items were generated through an examination of established scales and in-depth interviews with suppliers, retailers, and reps. The scale items were clarified through the pretest data collection. Measures were purified and reliability and validity were assessed from the main data collection. Finally, norms were established through examining the total distribution of the scores.

3.2. Domain Specification and Item Generation

The literature review identified the essential elements of the service and value reps provide to the populations they serve. These elements included satisfaction, trust, and commitment. In-depth interviews were conducted with suppliers, reps, and retailers at a major market center. Members of each population provided a different perspective because of their respective positions in the channel of distribution. Suppliers provided insight from the perspective of attempting to sell merchandise as quickly and effectively as possible while achieving target profitability. Retailers, on the other hand, were more concerned with purchasing inventory, at an affordable price, that was appropriate for their store(s). Reps identified the need to balance the demands of both suppliers and retailers as their primary concern.

The original 97 items used to develop SERVQUAL (Parasuraman, Berry, & Zeithaml, 1991; Parasuraman, Zeithamal, & Berry, 1985, 1988) were examined for appropriateness for use in the study. Fifty-four items were selected and adapted to the supplier-rep-retailer relationships based on the information obtained through the in-depth interviews. Researchers have recommended that several pilot tests from relevant populations should be conducted to reduce and refine the pool of items (Bearden, Netemeyer, & Mobley, 1993; Churchill Jr., 1979; Robinson, Shaver, & Wrightsman, 1991). The in-depth interviews were the first step in the refinement process. They also helped establish content and face validity.

A nine-point high-low scale was used to measure the retailers' perceptions of the reps' performances. Consis-

tent with the structure of the refined SERVQUAL instrument (Parasuraman et al., 1991), respondents were instructed to complete the following statement, "when it comes to (one of the key elements) , my perceptions of (rep agency name)'s performance is . . ." with a number from 1-9 with 1 representing low and 9 representing high. Prior to pretesting the instrument, validity was assessed through a review and evaluation of the instrument by an expert panel of suppliers, reps, and retailers who had worked in the industry for more than ten years. Once the instrument was deemed valid, a pretest was conducted.

3.3. Content Validity

The instrument was pretested during a major trade show at a national market center. The purpose of the pretest was to ensure a broad understanding of the concepts and to help identify any potential ambiguity in the questions. Suppliers, reps, and retailers were included. Each respondent was interviewed after completing the questionnaire to identify any potential problem statements. Instructions were clarified, ambiguous questions were reworded, and the structure of statements that enticed specific answers was revised. Only minor revisions were needed, which indicated the instrument was representative. Representativeness is an essential requirement of content validity (Kerlinger, 1986). The revised instrument was used for the primary study.

3.4. Data Collection

One of the focuses of the study was the nature of customer loyalty, which often resides with the rep rather than with the supplier for which he/she sells. This circumstance is most likely in the case of an independent sales rep. Consequently, a generic industry, one with little or no product or brand loyalty, was needed for the study. The neutrality was needed to minimize potential confounding factors, such as product dependence or exclusive distribution. The gift industry fulfilled the neutrality requirement and was selected for the study.

The sample was drawn from a set of mailing lists obtained from 11 rep group members of the National Associate of Sales Agencies (NASA) that represent 17 regions of the United States. Each rep group provided a complete list of retailers to whom they had sold products within the past 24 months. The lists were combined and duplicate listings were eliminated. The revised questionnaire was mailed to a random sampling of 1,367 retailers located in 38 states. Two hundred eighty-four usable responses were returned resulting in a net response rate of 20.8 percent.

The demographics of the respondent group were varied. The respondent group primarily consisted of females, 85.1 percent, which was consistent with the study's population. A broad cross-section was found in other key demographic variables, such as age, education, and years of buying experience. Fewer than one percent (.7) were under 25 years of age and only 7.5 percent were over 65. The remaining respondents were distributed across three age groups: 24-34 (10.4 percent), 35-44 (34.4 percent), and 55-64 (20.9 percent). The majority (87.9 percent) had some college education with 40.2 percent having earned a baccalaureate degree. Slightly more than five percent had some postgraduate education, and 8.3 percent had a graduate degree. The mean years of buying experience among the respondents was 10.16 with a range of .5 to 35 years.

3.5. Purifying the Measure

The correlation matrix was examined to determine the appropriateness of factor analysis. Measure of Sampling Adequacy (MSA) of .886 indicates the data were "meritorious" for factor analysis (Hair, Anderson, Tatum, & Black, 1995). The Bartlett test of sphericity, with a significance level of .000, confirms the same. However, three items were eliminated based on unacceptable correlations.

A principle component factor analysis was conducted to identify the minimum number factors that explained the most variance. Oblmin, an oblique rotation, was used for flexibility and because the theoretically important underlying dimensions are not assumed to be uncorrelated with each other (Hair et al., 1995). Eleven items were eliminated based on the rotation. These items only loaded on dimensions that carried eigenvalues below 1, the cutoff point for a factor's inclusion in the scale. Two items were eliminated because of factor loadings below .5 on the included factors and five items were eliminated because of crossloadings, high or similar loadings, across two or more factors. The eli-

mination of these items resulted in seven factors consisting of 33 items. The following section provides an overview of the reliability analysis and further elimination of two factors encompassing seven items.

3.6. Reliability Analysis

Each dimension was examined individually for scale reliability. Nunnally (1978) recommended an alpha of at least .7 for preliminary research, .8 for basic research, and .9 for applied research. Because this scale development was new, .7 was theoretically acceptable for each of the dimensions. The alpha range for six of the seven dimensions was .7029 - .9537. The seventh resulted in an alpha of only .6554. The items in the latter dimensions were eliminated because of the low scale reliability.

In addition to reliability, the scale was examined for significance. The remaining six dimensions were examined for the significance of the alphas. Five of the six were significant at the .01 level of significance. The scale with the alpha equal to .7029 was insignificant. As a result, the dimension was eliminated.

Another indicator of the reliability of a scale is its internal consistency. The scale is internally consistent to the extent that its items are highly inter-correlated. High inter-item correlations suggest that the items measure the same thing (DeVellis, 1991). The item-to-total correlations ranged from .5438 to .9180, an indication the scale was internally consistent.

After eliminating the additional items and examining the reliability of the scale, a factor analysis, with an oblique rotation, was conducted again. The purification process resulted in a five-dimension scale consisting of 26 items. The dimensions included: Professionalism, Accommodating, Ethical, Sensitive, and Compassionate. A reliability analysis was conducted on the remaining items on both the aggregate and individual scales, which resulted in the following alphas, Professionalism .9528, Accommodating .8975, Ethical .8351, Sensitive .8498, and Compassionate .9021, which were all well above the minimum acceptable level of .7. The overall scale reliability was .9578, eigenvalues ranged from 13.266 to 1.08, and 78.387 percent of the variance was explained. The complete analysis is reflected in Table 1 and Table 2.

3.7. Construct Validity

Construct validity is evident when a study has both discriminant and convergent validity. Ideally, the multitrait-multimethod procedure would be used to confirm these two validities (Campbell & Fisk, 1959). Because this study was an exploratory and developed a new scale, multiple studies were not available for comparison. Instead, discriminant validity was established through factor analysis. Each set of measures was factor analyzed in the aggregate, using retailer perceptions, to determine the number of underlying dimensions. Five dimensions emerged with an oblique rotation. Loading of single measures on only one factor provided solid evidence of discriminant validity. Each set of measures was factor analyzed separately to evaluate convergent validity. Only one factor emerged for each dimension, which provides strong evidence of convergent validity.

3.8. Predictive Validity

Ideally, a scale will have the ability to predict another criterion (Churchill, 1992). The development of loyalty to a rep by a retailer involves two basic criteria, intent to continue a relationship over an extended period of time and confidence that a rep will continue to perform at the same level in the future. A single item measure for each was included in the study to evaluate the predictive validity of the study.

Churchill (1992) states that predictive validity can easily be assessed by determining the correlation between two measures. High correlations indicate predictive validity. Correlations for each of the factors with the two criteria indicate the scale has predictive validity. All correlations were significant at the .01 level of significance as reflected in Table 3.

Table 1
Scale Items, Factor Loadings, Eigenvalues, and Variance Explained*

Item	Professional F1	Accommodating F2	Ethical F3	Sensitive F4	Compassionate F5
Politeness	*.914*	<.100	<.100	<.100	<.100
Treating me with respect	*.865*	<.100	<.100	<.100	<.100
Being greeted with a cheerful smile	*.853*	.139	<.100	.161	<.100
Professionalism	*.841*	<.100	<.100	<.100	-.111
Pleasant dealings	*.797*	.125	<.100	<.100	<.100
Believability	*.688*	<.100	<.100	-.299	<.100
Knowing credit terms	*.661*	<.100	<.100	-.222	-.228
Answering my questions	*.581*	<.100	.123	-.170	-.104
Willingness to help	*.556*	.104	.244	-.238	<.100
Promptness for appointments	.113	*.923*	<.100	<.100	<.100
Working with me by appointment	-.103	*.788*	<.100	<.100	<.100
Telling me exactly when he/she will be in my store	<.100	*.708*	<.100	.119	-.148
Familiarity with my competition	<.100	*.704*	<.100	-.181	-.220
Appointments scheduled within a week	.122	*.694*	<.100	-.160	<.100
Accurate pricing on my purchase orders	<.100	<.100	*.839*	-.111	<.100
Accurate quantities on my purchase orders	.130	.171	*.731*	-.157	.127
Trusting the firms my rep represents	-.128	<.100	*.709*	-.132	-.302
Low pressure sales	.258	<.100	*.700*	.190	<.100
Sympathy and reassurance when I have problems	<.100	.253	.192	*-.731*	<.100
Ability to contact the rep by phone when needed	<.100	.182	<.100	*-.637*	<.100
Getting quick answers to my questions	.198	<.100	<.100	*-.581*	-.318
Having my best interest at heart	.146	<.100	<.100	<.100	*-.768*
Keeping manufacturers informed about when my merchandise needs to be shipped	<.100	.115	.113	-.122	*-.753*
Keeping me informed about stock outages	<.100	.305	.187	.154	*-.650*
Understanding my needs	.275	.261	<.100	.104	*-.584*
Keeping me informed about when merchandise will be shipped	.378	<.100	<.100	-.188	*-.550*
Eigenvalue	13.266	2.538	1.516	1.197	1.080
Cumulative Variance Explained	51.024	60.787	66.619	71.223	75.378

*Those questions with high absolute values (loadings) on each factor have been used to determine subjective labels.

Table 2
Scale Reliability Indicators

	Factor Loading	Item-to-Total Correlation
F1 Professional Alpha ' .9528*		
Politeness	.9140	.8528
Treating me with respect	.8650	.7874
Being greeted with a cheerful smile	.8530	.8000
Professionalism	.8410	.9180
Pleasant dealings	.7970	.8256
Believability	.6880	.7944
Knowing credit terms	.6610	.8250
Answering my questions	.5810	.7731
Willingness to help	.5560	.7372
F2 Accommodating Alpha ' .8975*		
Promptness for appointments	.9230	.8244
Working with me by appointment	.7880	.7591
Telling me exactly when he/she will be in my store	.7080	.7236
Familiarity with my competition	.7040	.6998
Appointments scheduled within a week	.6940	.7300
F3 Ethical Alpha ' .8351*		
Accurate pricing on my purchase orders	.8390	.7621
Accurate quantities on my purchase orders	.7310	.7188
Trusting the firms my rep represents	.7090	.6778
Low pressure sales	.7000	.5438
F4 Sensitive Alpha ' .8498*		
Sympathy and reassurance when I have problems	-.7310	.7121
Ability to contact the rep by phone when needed	-.6370	.7057
Getting quick answers to my questions	-.5810	.7496
F5 Compassionate Alpha ' .0921*		
Having my best interest at heart	-.7680	.7794
Keeping manufacturers informed about when my merchandise needs to be shipped	-.7530	.7713
Keeping me informed about stock outages	-.6500	.7431
Understanding my needs	-.5840	.7717
Keeping me informed about when merchandise will be shipped	-.5500	.7183
Overall Scale Reliability .9578*		

* Significant at the .01 level of significance

Table 3
Correlations for Predictive Validity

	Professional	Accommodating	Ethical	Sensitive	Compassionate
Continue Relationship					
Correlation	.547*	.392*	.558*	-.413*	-.534*
Significance	.000	.000	.000	.000	.000
Continue Performance					
Correlation	.420*	.323*	.516*	-.349*	-.380*
Significance	.000	.000	.000	.000	.000

* Significant at the .01 level of significance

4. Discussion

The scale developed in this research offers an actionable approach for use by suppliers in selecting reps. This selection process is the critical first step taken by a supplier on the road to developing profitable, long-term relationships with retailers. The loyalty of the retailer is often bestowed on the rep rather than the supplier. Two important elements lead the retailer to develop loyalty to a rep, a loyalty which is also beneficial, in most cases, to the supplier are the confidence of the retailer that the rep will continue to provide the same level of service in the future and the likelihood that the retailer will continue a relationship with the rep over an extended period of time. The evaluation of the level of service provided by a rep is based on the five dimensions/characteristics deemed important by the retailer. As identified in the study, the rep needs to be professional, accommodating, ethical, sensitive, and compassionate to satisfy the retailer. Maintenance of high levels of performance in the five dimensions will, in most cases, result in a long-term relationship between the retailer and the rep and, indirectly, the supplier. The actionable scale provides suppliers with a technique for matching characteristics of a rep with the five-dimensional service requirements most important to retailers. Prior to this scale, no instrument was available to measure the characteristics that determined whether a retailer would develop loyalty to a rep.

The loyalty a retailer has to a rep is a critical concern for suppliers for several important reasons. First, the rep is the primary contact, in most cases, that the retailer has with its suppliers. The rep becomes, in reality, the supplier as far as the retailer is concerned. If the rep is not satisfactory, the retailer will likely drop the supplier. Second, the rep ultimately drives the image the retailer has of the supplier and ultimately forms the level of confidence the retailer has in the products they purchase. It is imperative that the reps understand and communicate the desired image if the supplier is to achieve a long-term, profitable relationship with the retailer. Third, the rep is frequently the person to whom the retailer turns when a problem arises; as a result, the rep's role extends beyond a mere selling function. The competence and skill of the rep in solving the problems will reflect on the supplier and impact the attitude of the retailer toward maintaining a long-term relationship. Finally, the rep may be a source of competitive advantage for the supplier in maintaining a long-term relationship with existing retailers and developing new retail accounts. Such a competitive advantage forms the foundation for current and future revenue streams. Given the narrow margins on which many suppliers operate, any advantage that increases the revenues is very important.

The fact that the scale was developed through a national sampling of independent reps in an industry heavily dependent on independent reps and only minimally dependent on product branding expands the generalizability of the scale. Given the importance of the rep to the supplier, not only the selection, but also the retention, of the right rep is critical to the long-term success and profitability of the supplier. The scale is a technique that can assist the supplier in maximizing the use of the rep as a source of competitive advantage.

5. Managerial Implications

The true test of a successful rep is much more than merely generating short-term sales for a supplier. The *true test* is when he/she serves the supplier and retailer simultaneously while helping both achieve long-term profitability. The presence of the personal characteristics associated with a rep, such as discussed in this paper, can be identified through the use of the scale developed herein. Retaining such reps and recruiting new ones is an important consideration in developing and sustaining competitive advantages at all levels of the channel. Application of the scale is an important part of the decisionmaking process associated with keeping and recruiting new reps. Using the scale to evaluate existing reps and select new ones can help a supplier develop competitive advantages at three levels of the channel: over other suppliers, with retailers, and with ultimate consumers.

5.1. Evaluating Existing Reps

A high performing rep is critical to the maintenance of a profitable, long-term relationship with retailers. Therefore, differentiating between high and low performing reps is essential. The scale is a technique for making the differentiation. Establishing the reps' acceptable performance level for each of the five components, before applying the scale, is essential to a supplier's successful application of it. Using the scale to evaluate existing reps will draw on several information sources and result in certain benefits. Evaluating an existing rep on the five components, F1 through F5, will in-

volve using internal and external data sources. Reviewing internal records will provide information about key sales trends by answering the following questions:

- Have the dollar sales written by the rep increased, remained unchanged, or declined over the past two years?
- Has the number of customers for which the rep has placed orders changed during the same period?
- Has the profit contribution associated with the reps' orders changed over the time period?
- Has the cost of doing business through the rep changed over the past two years?

Internal records will also be reviewed for any information about retailer complaints and/or compliments received relative to the specific rep's performance. All of the internal data, depending on the direction of the trends revealed, can serve as one set of surrogates for retailer satisfaction/dissatisfaction with the rep's performance.

External information is also important when suppliers evaluate existing reps. For example, a sampling of a rep's retail customers to determine how they view his/her performance on the five components of the scale is critical as well. Interviewing the retailers will be done under the guise of the supplier's desire to meet the customer's needs in the best way possible. A sample of 20 percent of the rep's retail customers, representing a range of years of association with the rep, should be adequate to support and reaffirm the internal findings. The rep must be notified that contact will be made with a few of the retailers to which he sells as part of an annual review.

The benefits of profiling reps, based on the application of the scale, are three-fold. First, the profile will identify whether the rep should be retained or dismissed. Second, it will establish the characteristics of both successful and unsuccessful reps based on performance levels established by the specific supplier. Finally, the profile will become part of a data set to be used in developing overall master profiles of reps that will establish benchmarks for future hiring and evaluation procedures.

5.2. Reps as a Competitive Advantage

Existing reps who score high on the scale should be retained. They are a key asset to the supplier in developing a competitive advantage, as noted by Anderson and Robertson (1995). At the supplier level of the channel, a successful rep adds value to the company's image in several possible ways. The rep symbolizes a cost-effective means of reaching a wide range of retailers within a given market. As such, a good rep may provide the supplier with a cost advantage over its competitors. If the supplier passes some or all of this on to customers, it potentially result in an overall cost leadership-based competitive advantage. Suppliers that decide to use the cost leadership advantage can use price as a competitive weapon to increase their market share at the expense of less cost effective competitors.

Loyalty to the rep serves as an indirect loyalty to the supplier. This loyalty can be another component of competitive advantage exercised at the supplier level of the channel. As such, the indirect loyalty can be used to protect them from competitors attempting to spirit away the retail customers served by their rep.

The information a rep acquires through his/her interactions with the retailer can be another powerful source of competitive advantage. As a link between the supplier and retailer, the rep can provide information that will help a supplier chart changes in retailers' wants and needs. If the information is placed in a data warehouse and correctly mined for trends, it will allow the supplier to be proactive in introducing new strategies and products ahead of competitors. In this way, the information generated through contact with the rep can serve as a basis of competitive advantage.

At the retail level of the channel a close relationship with a rep, resulting in retailer loyalty, can provide the supplier with a competitive advantage. Retailers who are loyal to a rep are likely to view them as a source of information on the desirability of continuing to buy from a supplier and to consider taking on new products. The rep's good opinion and support of the supplier, if it is consistent, can form the basis of a competitive advantage for the supplier at the retail level of the channel. This situation may also provide a barrier to prevent other competing suppliers from moving in on retail customers.

At the consumer level of the channel, the relationship of the rep and the retailer can translate into a competitive advantage for the supplier. This competitive advantage is based on access to the ultimate end user of the supplier's products provided by a popular rep and a preferred retailer. Even if the brand name of the supplier is not a factor in the purchase, the presence of the products in a retailer's store, patronized by customers, contributes to sales and profits.

5.3. Low Scoring Reps

A rep who does not perform well can cost the supplier both explicitly and implicitly. Explicitly, poor performance is usually associated with poor sales performance. This performance, or lack there of, can come in multiple forms but is more commonly associated with either low sales volume or reduced profit margins on sales. Implicitly, the lack of loyalty development can lead to the retailer purchasing the product from the first supplier that has it available or the one that offers the lowest price. As a result, suppliers that do not have loyal customers may have to compete more on price than those that use reps to whom retailers develop a strong loyal relationship. As a result, suppliers need to identify the low scoring reps on the five components and weigh the costs and benefits of retaining versus dismissing them. If a low performing rep is retained then the supplier needs to provide developmental programs for the rep to enhance his/her value to both the supplier and its retail customers. Arguments can be made for both options as described below.

5.4. Arguments FOR Immediate Dismissal

- The rep's poor relationship with retailers is costing the supplier sales.
- Retailers may turn to other suppliers whose reps are viewed as doing a better job of meeting the retailers' needs.
- The supplier may encounter difficulty launching new products into the market because of a poor relationship between the rep and retailers.
- Cost advantages of the supplier may be lost because of declining sales volume associated with the dissatisfied retailers.
- The rep's dismissal may communicate the supplier's strong commitment to retaining the retailer as a customer when retailers are dissatisfied with the rep but not the supplier or its products.
- A poor rep can damage the supplier's image and ultimately its brand equity.

5.5. Arguments AGAINST Immediate Dismissal

- No rep is immediately available to step in and service the needs of the retailers.
- Though retailers may be dissatisfied, they may feel sorry for the rep and take his/her side against the supplier.
- The rep may switch to working for another supplier and the retailer may follow him/her because sometimes the fear of the unknown is greater than the dissatisfaction with a known entity.
- The transition period required for recruiting and training a new rep may provide competitors a window of opportunity to build a rapport with the "uncovered" retailers.
- Retailers may perceive rep turnover as a supplier weakness.

The supplier may determine the appropriateness of retaining or dismissing a low performing rep on a case-by-case method. However, they need to realize that suppliers with weak financial and/or market positions do not have the luxury of keeping low performing reps, even for the short-term. Keeping the rep will only add to the supplier's problems. Successful supplier may have the ability to keep a low performing rep for the short-term to give him/her the opportunity to develop and improve but opportunity cost of keeping the rep over the immediate or long-term is too high. In either case, low performing reps hamper a supplier's efforts to achieve its goals and objectives in the market.

5.6. Master Profile Development

Another important benefit of using the scale, beyond determining which reps to retain and which to dismiss, is the information necessary for developing two master profiles: one for high performing reps and one for low performing reps. The individual profiles developed for each existing rep will form the basis for developing the master profiles. These profiles will reflect the supplier set levels of importance for each of the five scale components. If different market segments require different rep performance levels, because of the retailers' nature, a set of master profiles will be developed for each segment.

5.7. Selecting New Reps

The scale offers an actionable approach to facilitate suppliers' rep selection process, which is the critical first step taken by a supplier on the road to developing profitable, long-term relationships with retailers. The loyalty of the retailers is often bestowed on the rep rather than the supplier. Two important elements lead the retailer to develop loyalty to a rep . . . a loyalty that is particularly beneficial to the supplier. The first element is the retailer's belief that the rep will consistently provide the same level of service over the long run. The second is the retailer's desire to develop a long-term relationship with the rep that delivers the benefits associated with an ongoing business association. Selecting new reps who can earn this type of loyalty is important to the supplier's long-term success.

Applying the scale in the new rep selection process depends on internal and external data. Using the scale to evaluate the supplier's existing reps before using it to select new reps is highly recommended. The internal evaluation is essential for generating the "Retain" and "Dismiss" profiles, which will be indispensable in guiding external data collection, analysis, and interpretation.

5.8. Sources of External Data

An eight-step collection process is recommended for identifying potential high performance reps. Using the scale, the process taps external information sources as described below.

Step One: Compile a list of reps for consideration. This can be accomplished by asking existing reps, referring to association directories, asking respected retailers for recommendations, and checking with other business sources who have knowledge of the market.

Step Two: Screen the names on the list to eliminate those not relevant to the situation by excluding:

- reps who do not have experience in the industry or related fields, and
- reps who do not serve the specific geographic areas where reps are needed.

Although the supplier may want to consider a rep on the list who is currently employed by a competitor, caution should be used.

Step Three: Interview the reps remaining on the list. The interviews should be used to eliminate reps whose behavior and personality are deemed unsuitable for dealing with the supplier's retail customers.

Step Four: Collect information relative to the five scale components about the potential reps remaining on the list. The information should be used to implement the scale. Sources of information include, but are not limited to:

- Soliciting the references from the rep consisting of current and former retailers with which they have conducted business.
- Interviewing a sample of retailers who have worked with the rep focusing primarily on the five components of the scale as the basis for questioning.
- Soliciting references from the rep consisting of suppliers for which he/she has or is working.
- Interviewing a sample of suppliers that have dealt with the rep. Inquire about their experiences and the feedback they received from retailers using the five components of the scale as a guide for the questioning.
- Checking secondary sources that may contain information about the rep and his/her background.
- Interviewing the reps remaining on the list after the completion of the first four steps using the five components of the scale as a guideline.

Step Five: Analyze the results of the external information search and implement the scale using the data.

Step Six: Compare each potential rep's results on the scale items with the "Retain" and "Dismiss" profiles previously established.

Step Seven: Make the final rep selection based on the results of the comparison of scale results and the profiles.

Step Eight: Provide an orientation of the new independent reps to acquaint them with the products they will be showing to retailers.

5.9. Scale as a Source of Competitive Advantage

One of the most important sources of competitive advantage for a supplier is derived from hiring and retaining the "right" rep. A supplier can develop a competitive advantage by using the scale to differentiate between high and low performing reps as well as to identify and hire new reps. The importance of differentiating between high and low performing reps stems from the loyalty established between the rep and the retailer. A widespread belief that "better" reps will be the ones to develop the loyalty relationship with retailers exists.

A retailer's loyalty to a rep is a critical concern to suppliers for several important reasons. In most cases, the rep is the primary contact the retailer has with its suppliers. In reality, the rep becomes the supplier in the retailer's eyes. If the rep is not satisfactory, the retailer will likely drop the supplier if substitute products are available. Second, the rep ultimately drives the image retailer has of the supplier and becomes the foundation of the confidence level the retailer has in the products they purchase from the specific supplier. The reps' understanding and communicating the desired image is imperative if the supplier is to achieve a long-term, profitable relationship with the retailer. Finally, the rep is frequently the person to whom the retailer turns when a problem arises; as a result, the rep's role extends beyond a mere selling function. The rep's competence and problem solving skills will reflect on the supplier and impact the retailer's attitude toward maintaining a long-term relationship.

Establishing a loyalty-based competitive advantage, accessed through the rep, forms the foundation for current and future revenue streams. Given the narrow margins on which many suppliers operate, any advantage that increases revenues is very important. The scale is a technique that can assist the supplier in maximizing the use of the rep as a source of competitive advantage.

6. Scale Limitations

As with most research, the scale developed in this study is not without limitations. The high reliability and validity of the scale purification process indicate the scale is generalizable**;** however, the study was conducted in only one industry. Although a variety of retailers, including specialty stores such as gift shops, florists, drug stores, and card stores as well as department stores, comprise the gift industry, other retail industries may more heavily depend on company salespeople than independent reps. The lack of dependence on product branding in this study eliminated some of the confounding factors that may be present in other industries, such as cosmetics and electronics, that depend heavily on brands. The relationship in such cases may be with the supplier regardless of who sells the product. The generalizability of the scale in such brand-dependent situations is limited.

Ideally, scale purification has multiple iterations of data collection. The early stages of scale development involved several data collections to generate the items and ensure face and content validity. The peaks and valleys of retailing's buying and selling environment limited the ability to do the same with the major collection process in a timely manner.

7. Suggestions For Future Research

Using the scale developed in the study as a foundation, several major research areas could be explored. First, the scale may be tested in one or more additional industries in which product brand is not a critical element in the relationship between suppliers and retailers. The purpose of the research would be to reveal similarities and/or differences that may exist when compared with the results of the current study. Second, a research study may be undertaken to identify the characteristics suppliers value in reps, to compare the results with those valued by retailers, and to identify gaps that may exist. Third, a research study could be undertaken to identify how reps view their role as bridges between suppliers and retailers. Their willingness to adapt to the needs of both the supplier and retailer should also be a critical focus of the study. What competencies and skills a rep believes he/she possess and how these impact his/her performance should also be investigated.

This scale is just a starting point. Future research and replication will help establish the norms suggested as the final step in Churchill's (1979) scale purification procedures and will provide the studies needed to fully evaluate discriminant and convergent validity through the multitrait-multimethod process recommended by Campbell and Fisk (1959). 📖

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Appendix

Scale

When it comes to . . .	My Perception of \<rep group>' Rep's Performance is:
	Low High
Politeness	1 2 3 4 5 6 7 8 9 N
Treating me with respect	1 2 3 4 5 6 7 8 9 N
Being greeted with a cheerful smile	1 2 3 4 5 6 7 8 9 N
Professionalism	1 2 3 4 5 6 7 8 9 N
Pleasant dealings	1 2 3 4 5 6 7 8 9 N
Believability	1 2 3 4 5 6 7 8 9 N
Knowing credit terms	1 2 3 4 5 6 7 8 9 N
Answering my questions	1 2 3 4 5 6 7 8 9 N
Willingness to help	1 2 3 4 5 6 7 8 9 N
Promptness for appointments	1 2 3 4 5 6 7 8 9 N
Working with me by appointment	1 2 3 4 5 6 7 8 9 N
Telling me exactly when he/she will be in my store	1 2 3 4 5 6 7 8 9 N
Familiarity with my competition	1 2 3 4 5 6 7 8 9 N
Appointments scheduled within a week	1 2 3 4 5 6 7 8 9 N
Accurate pricing on my purchase orders	1 2 3 4 5 6 7 8 9 N
Accurate quantities on my purchase orders	1 2 3 4 5 6 7 8 9 N
Trusting the firms represented	1 2 3 4 5 6 7 8 9 N
Low pressure sales	1 2 3 4 5 6 7 8 9 N
Sympathy and reassurance when I have problems	1 2 3 4 5 6 7 8 9 N
Ability to contact the rep by phone when needed	1 2 3 4 5 6 7 8 9 N
Getting quick answers to my questions	1 2 3 4 5 6 7 8 9 N
Having my best interest at heart	1 2 3 4 5 6 7 8 9 N
Keeping manufacturers informed about when my merchandise needs to be shipped	1 2 3 4 5 6 7 8 9 N
Keeping me informed about stock outages	1 2 3 4 5 6 7 8 9 N
Understanding my needs	1 2 3 4 5 6 7 8 9 N
Keeping me informed about when merchandise will be shipped	1 2 3 4 5 6 7 8 9 N

Notes